

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 261 - Wastewater Treatment Systems, Time of Transfer (LSB 1427 SV)
Analyst: Debra Kozel (Phone: (515) 281-6767) (deb.kozel@legis.state.ia.us)
Fiscal Note Version - New

Description

Senate File 261 creates a Septic Tank Inspection Program and requires that a private septic tank be inspected prior to the transfer of real estate. Also specifies that at the time of the inspection, the septic tank will be opened and the contents pumped out unless the owner can provide evidence that the tank had been emptied in the last year.

Background

The Department of Natural Resources (DNR) estimates there are approximately 100,000 private septic tanks that do not meet the current construction standards. The inspectors of the private septic tanks would be certified by the DNR after they have completed and been tested on training materials. The Department would maintain a listing of certified inspectors.

Assumptions

- The DNR estimates there would be 150 inspectors who would pay the DNR a \$100 certification fee for total revenue of \$15,000.
- The DNR estimates the cost to operate the certification program would include 0.25 FTE position with an average annual salary expenditure of \$60,000 for a total cost of \$15,000.
- The DNR estimates the average cost to update or replace a private septic system is \$6,300 and the average cost to pump a septic tank is \$150.
- Although the location of the private septic tanks is unknown, if all systems were replaced over a 20-year period, the average number of tanks upgraded would be 5,000 per year. The estimated total annual cost to replace substandard septic tanks would be \$31.5 million. If all septic tanks were pumped over a 20-year period, the estimated annual cost would be \$750,000 per year.

Fiscal Impact

The fiscal impact of SF 261 is an increase of fee revenue of \$15,000 to the DNR and an increase of expenditures of \$15,000 and 0.25 FTE position for FY 2009 and each year after.

The estimated annual cost for replacement of substandard septic systems over a 20-year period is \$31.5 million per year and the estimated cost to pump septic tanks is \$750,000 per year. These costs would be born by the seller or buyer of the transferred real estate.

Source

Department of Natural Resources

/s/ Holly M. Lyons

March 7, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
